

Message Text

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EB/AN:RABROWN
EB/OA:MHSTYLES
EB/TT:JWBILLER
NEA/EGY:G.R.BEYER
CAB:MURPHY
S/S:MR. ORTIZ

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P 242109Z FEB 76
FM SECSTATE WASHDC
TO AMEMBASSY KINSHASA PRIORITY
INFO AMEMBASSY CAIRO PRIORITY
AMEMBASSY NAIROBI

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FOR ROBINSON FROM EB - JOSEPH A. GREENWALD

E.O. 11652: N/A

TAGS: EAIR, CG

SUBJECT: ACTION MEMORANDUM: U.S.-EGYPTIAN CIVIL AVIATION
NEGOTIATIONS AND TWA DAILY SERVICE TO CAIRO
(S/S 7603773)

REF : CAIRO 2150 (STATE 44103)

1. JUST PRIOR TO YOUR DEPARTURE, WE RECEIVED REFTEL
(REPEATED) WHICH INDICATES GOE INTENDS TO IMPOSE
RESTRICTIONS ON TWA SERVICE TO CAIRO. THIS WOULD
SERIOUSLY UNDERMINE THE VIABILITY OF TWA'S DAILY AIR
SERVICE TO CAIRO. BELOW ARE BACKGROUND AND TALKING
POINTS YOU MAY DRAW UPON AS APPROPRIATE IN YOUR DISCUSSIONS
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WITH PRIME MINISTER SALIM, FOREIGN MINISTER FAHMY OR

OTHER APPROPRIATE OFFICIAL.

BACKGROUND

TWA PRESENTLY OFFERS DAILY NEW YORK-CAIRO SERVICE VIA ATHENS AND ROME. TWA OPERATES UNDER THE BILATERAL AIR TRANSPORT AGREEMENT BETWEEN EGYPT AND THE U.S. WHICH WAS SIGNED ON MAY 5, 1964. EVEN THOUGH EGYPTAIR IS AUTHORIZED UNDER THE AGREEMENT TO OFFER SIMILAR SERVICE BETWEEN THE U.S. AND EGYPT, IT HAS NEVER EXERCISED ITS RIGHT TO SERVE NEW YORK. IN APRIL 1975, THE EGYPTIAN CIVIL AVIATION AUTHORITY PERMITTED TWA TO INCREASE ITS U.S.-CAIRO SERVICE FROM FOUR FLIGHTS PER WEEK TO A DAILY PATTERN OF SERVICE BUT, SIMULTANEOUSLY, IN AN OBVIOUS EFFORT TO ASSIST EGYPTAIR, INFORMED TWA THAT IT COULD NOT CARRY ATHENS/ROME/CAIRO PASSENGERS ON CERTAIN DAYS OF THE WEEK. TWA ADVISED THE DEPARTMENT THAT THESE RESTRICTIONS WOULD IN EFFECT FORCE IT TO ELIMINATE DAILY SERVICE TO EGYPT INASMUCH AS UNRESTRICTED ACCESS TO THIS PORTION OF THE MARKET WAS ESSENTIAL TO THE VIABILITY OF THE DAILY NEW YORK-CAIRO SERVICE.

FOLLOWING U.S. DIPLOMATIC REPRESENTATIONS, THE EGYPTIAN AUTHORITIES AGREED TO HOLD OFF THE PROPOSED RESTRICTIONS ON TWA SERVICE PENDING INTERGOVERNMENTAL TALKS WHICH WERE HELD IN EARLY SEPTEMBER. THESE TALKS PRODUCED AN INTERIM AGREEMENT WHEREBY TWA'S TRAFFIC RIGHTS IN THE ATHENS/ROME/CAIRO SECTOR ARE PRESERVED ON FIVE FLIGHTS PER WEEK WHILE ITS RIGHTS IN THIS SECTOR ON TWO FLIGHTS PER WEEK ARE PROTECTED ONLY BY A "TEMPORARY PERMIT" DUE TO EXPIRE MARCH 31, 1976. IT WAS ALSO AGREED TO HOLD FURTHER CONSULTATIONS BEFORE THE END OF MARCH.

ON JANUARY 29, 1976, THE DEPARTMENT INSTRUCTED EMBASSY CAIRO TO REQUEST AN EXTENSION OF THIS INTERIM AGREEMENT FOR A SIX MONTH PERIOD BECAUSE THE U.S. SIDE WOULD HAVE DIFFICULTY SCHEDULING A MEETING WITH A DELEGATION FROM THE GOE PRIOR TO MARCH 31, 1976. ON FEBRUARY 18, THE DEPARTMENT RECEIVED THE EGYPTAIN REPLY (REFTEL) WHEREIN

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THE GOE REFUSED THE REQUESTED SIX MONTHS EXTENSION, INDICATED THAT IT WAS RELUCTANT TO HOLD OFF RESTRICTIONS ON TWA SERVICE BEYOND MARCH 31, AND URGED THAT CONSULTATIONS BE RECONVENED PRIOR TO MARCH 31.

U.S. POSITION

THE U.S. ABILITY TO RESIST THE RESTRICTIONS ON TWA IS

LIMITED INASMUCH AS EGYPTAIR HAS NOT EXERCISED ITS RIGHT TO SERVE THE UNITED STATES. SINCE U.S. COUNTER-PRESSURES IN THE AVIATION AREA ARE NOT AVAILABLE, WE HAVE BASED OUR POSITION, TO A CONSIDERABLE EXTENT, ON HIGH LEVEL REPRESENTATIONS IN WASHINGTON AND CAIRO, EMPHASIZING THE POLITICAL GOODWILL AND SPIRIT OF COOPERATION THAT NOW EXISTS BETWEEN EGYPT AND THE U.S.

SPECIFICALLY, WE HAVE MADE THE FOLLOWING POINTS TO THE EGYPTIAN AUTHORITIES:

(1) DAILY UNRESTRICTED TWA FLIGHTS SERVE EGYPT'S POLITICAL AND ECONOMIC INTERESTS THAT ARE UNRELATED TO EGYPTAIR'S OPERATING REVENUES ON CAIRO/ATHENS AND CAIRO/ROME FLIGHTS;

(2) TO OUR KNOWLEDGE, THE EGYPTIAN GOVERNMENT HAS RESTRICTED NO OTHER AIRLINE ON THE CAIRO/ATHENS/ROME ROUTES AND THEREFORE ITS ACTION AGAINST TWA APPEARS TO BE DISCRIMINATORY;

(3) TWA FLIGHTS ON THE ATHENS/ROME/CAIRO ROUTES FEED TRAFFIC TO EGYPTAIR;

(4) THE REDUCTION OR ELIMINATION OF U.S. CARRIER SERVICE TO CAIRO WOULD HAVE A NEGATIVE IMPACT ON TOURIST TRAVEL TO EGYPT;

(5) TWA'S INCREASED CAIRO SERVICE IS SUBSTANTIATED BY THE RAPID GROWTH OF THE U.S.-EGYPT MARKET. ADEQUATE SERVICE ON THE ATHENS/ROME/CAIRO SEGMENTS OF THIS SERVICE IS NECESSARY FOR VIABLE DAILY SERVICE;

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(6) TWA'S CURRENT LEVEL OF OPERATION IS FULLY CONSISTENT WITH THE PRINCIPLES OF THE AIR TRANSPORT AGREEMENT BETWEEN THE U.S. AND EGYPT.

EGYPTIAN POSITION

THE EGYPTIANS HAVE ARGUED THAT TWA'S UNRESTRICTED SERVICE ON THE ATHENS/CAIRO/ROME SEGMENT IMPOSES SERIOUS ECONOMIC HARDSHIP ON EGYPTAIR WHICH ALSO SERVES THESE MARKETS. ACCORDINGLY, THEY PROPOSE TO LIMIT THE NUMBER OF PASSENGERS TWA COULD CARRY ON THESE ROUTES ON TWO FLIGHTS PER WEEK.

RECOMMENDATION:

THAT YOU URGE PRIME MINISTER SALIM, FOREIGN MINISTER FAHMY OR OTHER APPROPRIATE OFFICIAL TO GIVE SERIOUS AND SYMPATHETIC CONSIDERATION TO THE U.S. REQUEST FOR EXTENSION OF THE INTERIM AGREEMENT ON TWA CAIRO SERVICE.

APPROVE DISAPPROVE

TALKING POINTS

--THE U.S. NEGOTIATORS ARE WILLING TO MEET WITH THEIR EGYPTIAN COUNTERPARTS BUT ARE UNABLE TO DO SO PRIOR TO MARCH 31 IN CAIRO BECAUSE OF PRIOR NEGOTIATING COMMITMENTS AND OTHER SCHEDULING PROBLEMS.

--ADDITIONAL TIME WILL GIVE BOTH SIDES THE BENEFIT OF ADDITIONAL DATA WITH WHICH TO EVALUATE THE ECONOMIC IMPACT OF TWA DAILY OPERATIONS ON EGYPTAIR.

--WE CONTINUE TO BELIEVE THAT TWA'S DAILY SERVICE, WHICH DEPENDS UPON UNRESTRICTED TRAFFIC RIGHTS ON THE ATHENS/ROME/CAIRO SECTOR, SERVES THE BEST INTERESTS OF BOTH COUNTRIES AND THEIR CARRIERS.

--IF THE EGYPTIANS APPEAR UNPREPARED TO EXTEND THE AGREEMENT FOR SIX MONTHS, THE U.S. WOULD HOPE THAT AT A LEAST A THREE MONTH EXTENSION CAN BE GRANTED.
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